

**LOUISIANA BOARD OF PHARMACY  
LOUISIANA DEPARTMENT OF HEALTH  
AND HOSPITALS  
FINANCIAL REPORT  
FOR THE YEAR ENDED  
JUNE 30, 2012**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date OCT 10 2012

**LOUISIANA BOARD OF PHARMACY  
STATE OF LOUISIANA  
TABLE OF CONTENTS  
JUNE 30, 2012**

	<u>EXHIBIT</u>	<u>SCHEDULE</u>	<u>PAGE</u>
<b>Independent Auditors' Report</b>	-	-	1-2
<b>Management's Discussion and Analysis</b>	-	-	3-6
<b>Financial Statements:</b>	-	-	7
Statement of Net Assets	A	-	8
Statement of Revenues, Expenditures and Changes in Fund Net Assets	B	-	9
Statement of Cash Flows	C	-	10
Notes to the <i>Financial Statements</i>	-	-	11-21
<b>Supplemental Information:</b>	-	-	22
Schedule of Board Members' Per Diem	-	1	23
Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Based on and Audit of of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	-	2	24-25
Summary of Findings and Questioned Costs	-	3	26
Summary of Prior Year Findings and Questioned Costs	-	4	27
Department of Administration – Office of Statewide Reporting and Accounting Policy – Reporting Package			

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Board of Directors  
Louisiana Board of Pharmacy  
Baton Rouge, Louisiana

## **INDEPENDENT AUDITORS' REPORT**

We have audited the accompanying financial statements of the business-type activities of the Louisiana Board of Pharmacy, a component unit of the State of Louisiana, as of and for the year ended June 30, 2012. These financial statements are the responsibility of the Louisiana Board of Pharmacy's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note A, the financial statements of the Louisiana Board of Pharmacy, a component unit of the State of Louisiana, are intended to present the financial position, the changes in financial position, and cash flows of only that portion of the business-type activities. They do not purport to, and do not, present fairly the financial position of the State of Louisiana, as of June 30, 2012, and the changes in financial position and cash flows, for the year ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective *financial position of the business-type activities of the Louisiana Board of Pharmacy, a component unit of the State of Louisiana*, as of June 30, 2012, and the respective changes in financial position and cash flows thereof for the year ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 15, 2012, on our consideration of the Louisiana Board of Pharmacy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

## INDEPENDENT AUDITORS' REPORT (CONTINUED)

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financials statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted on inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Louisiana Board of Pharmacy's financial statements as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements of Louisiana Board of Pharmacy, a component unit of the State of Louisiana. The information had been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

*Baxley & Associates, LLC*

Plaquemine, Louisiana  
August 15, 2012

**State of Louisiana  
Board of Pharmacy  
Management's Discussion & Analysis  
As of June 30, 2012**

This Management's Discussion and Analysis of the Louisiana Board of Pharmacy's financial performance presents a narrative overview and analysis of the Board's financial activities for the year ended June 30, 2012. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. Please read this document in conjunction with the additional information contained in the transmittal letter and the Board's financial statements, which begin on page 7.

**FINANCIAL HIGHLIGHTS**

- ★ The Board's assets exceeded its liabilities at the close of fiscal year 2012 by \$2,936,873, which represents a 4.5% increase from the prior fiscal year.
- ★ From the prior fiscal year, the Board's operating revenues decreased \$13,810 (0.5%), operating expenses decreased \$114,709 (4.3%) and the net results from activities increased \$31,130 (33%).

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The following graphic illustrates the minimum requirements for Special Purpose Governments Engaged in Business-Type Activities established by Governmental Accounting Standards Board Statement 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.

Management's Discussion and Analysis

Basic Financial Statements

Required Supplementary Information  
(other than MD&A)

These financial statements consist of three sections - Management's Discussion and Analysis (this section), the Basic Financial Statements (including the notes to the financial statements), and Required Supplementary Information.

**Basic Financial Statements**

The basic financial statements present information for the Board as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Balance Sheet; the Statement of Revenues, Expenses, and Changes in Fund Net Assets; and the Statement of Cash Flows.

**State of Louisiana  
Board of Pharmacy  
Management's Discussion & Analysis  
As of June 30, 2012**

The Statement of Net Assets (Exhibit A, page 8) presents the current and long-term portions of assets and liabilities separately. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the financial position of the Board is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Fund Net Assets (Exhibit B, page 9) presents information showing how the Board's assets changed as a result of current year operations. Regardless of when cash is collected, all changes in net assets are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The Statement of Cash Flows (Exhibit C, page 10) presents information showing how the Board's cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income(loss) to net cash provided(used) by operating activities (indirect method) as required by GASB 34.

**FINANCIAL ANALYSIS OF THE ENTITY**

**Statement of Net Assets  
as of June 30, 2012**

	Total	
	2012	2011
Current and other assets	\$ 2,890,886	\$ 2,740,316
Capital assets	2,305,069	2,282,603
<b>Total assets</b>	<b>5,195,955</b>	<b>5,022,919</b>
Current liabilities	173,255	148,063
Long-term liabilities	2,085,827	2,064,392
<b>Total liabilities</b>	<b>2,259,082</b>	<b>2,212,455</b>
Net assets:		
Invested in capital assets, net of depr.	1,140,664	1,004,579
Restricted	0	0
Unrestricted	1,796,209	1,805,885
<b>Total net assets</b>	<b>\$ 2,936,873</b>	<b>\$ 2,810,464</b>

Restricted net assets represent those assets that are not available for spending as a result of legislative requirements, donor agreements, or grant requirements. Conversely, unrestricted net assets are those that do not have any limitations on how these amounts may be spent.

Net assets of the Board increased \$126,409 (or 4.5%) from June 30, 2011 to June 30, 2012.

State of Louisiana  
Board of Pharmacy  
Management's Discussion & Analysis  
As of June 30, 2012

Statement of Revenues, Expenses, and Changes in Fund Net Assets  
for the years ended June 30, 2011 and June 30, 2012

	Total	
	2012	2011
Operating revenues	\$ 2,783,636	\$ 2,797,446
Operating expenses	(2,562,776)	(2,677,485)
Operating income(loss)	<u>220,860</u>	<u>119,961</u>
Non-operating revenues	18,936	11,027
Non-operating expenses	(113,387)	(35,709)
Net increase (decrease) in net assets	<u>126,409</u>	<u>95,279</u>
Total net assets - beginning of year	2,810,464	2,715,185
Restatement of beginning net assets		
Total net assets - restated beginning of year		
Total net assets - end of year	<u>\$ 2,936,873</u>	<u>\$ 2,810,464</u>

The Board's operating revenues decreased by \$13,810 or 0.5%. The total cost of all programs and services also decreased from the prior fiscal year, by \$114,709 or 4.3%.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At the conclusion of the fiscal year ended June 30, 2012, the Board had \$2,305,069 invested in a broad range of capital assets, including property, furniture, office equipment, and information systems (see Table below). This amount represents a net increase of \$22,465 over last year.

	2012	2011
Land	\$ 1,004,940	\$ 1,004,940
Building	1,049,655	950,393
Furniture and Equipment	291,563	272,469
Software - Licensure & Website	359,062	359,062
Accumulated Depreciation	(400,151)	(304,260)
Totals	<u>\$ 2,305,069</u>	<u>\$ 2,282,604</u>

**State of Louisiana  
Board of Pharmacy  
Management's Discussion & Analysis  
As of June 30, 2012**

**Debt**

To purchase the office building, the Board pledged its future receivables to secure a note for \$1.3 million, with a term of 5 years. The separate property acquired in 2007 and originally intended to host a new office building has been listed for sale. The proceeds from the sale of that property will be used to settle or offset the current note for the office building.

The Board has set aside funds for the Other Post Employment Benefit (OPEB) obligation first identified in 2008. There were no claims or judgments at the end of the fiscal year, and the only remaining significant liability was in the form of compensated absences.

**VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS**

Revenues were approximately \$48,936 (or 1.8%) over budget, and expenses were \$622,665 (or 19%) less than budget. Approximately one third of the difference arose from the deferral of the completion of the implementation of the new licensure information system. That task, along with the accompanying budget, was deferred to the following fiscal year. Additional expenses were avoided by focused plans to reduce printing, postage and staff travel expenses as well as deferral of some planned equipment acquisitions.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The Board's elected and appointed officials considered the following factors and indicators when setting next year's budget:

- Anticipated licensure activity (acquisition, renewal, and attrition)
- Demand for goods and services
- Enforcement actions
- Historical pattern of operational costs

The Board expects that next year's results may or may not improve based on the following:

- Continued growth in total number of credentials under management
- Additional investments in technology infrastructure

**CONTACTING THE LOUISIANA BOARD OF PHARMACY'S MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Board's finances and to show the Board's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Malcolm Broussard, Executive Director, at [mbroussard@pharmacy.la.gov](mailto:mbroussard@pharmacy.la.gov) or (225) 925-6496.

**FINANCIAL STATEMENTS**

## EXHIBIT A

**LOUISIANA BOARD OF PHARMACY  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA  
STATEMENT OF NET ASSETS  
JUNE 30, 2012**

**ASSETS**

## Current Assets:

Cash and cash equivalents	\$ 1,527,110
Investments	1,327,675
Accounts receivable	11,962
Interest receivable	3,917
Prepaid expense	20,222
Total Current Assets	<u>2,890,886</u>

## Land and equipment (net of accumulated depreciation):

Land	1,004,940
Office equipment	104,679
Software	176,410
Building	1,019,040
Total Land and Equipment	<u>2,305,069</u>

**TOTAL ASSETS****\$ 5,195,955****LIABILITIES AND NET ASSETS**

## Current Liabilities:

Accounts payable	2,321
Salaries payable	55,561
Payroll taxes payable	2,970
Interest payable	6,369
Note payable - current portion	58,487
Compensated absences	47,547
Total Current Liabilities	<u>173,255</u>

## Noncurrent Liabilities:

Note payable - long term portion	1,164,403
Compensated absences	76,522
OPEB payable	844,902
Total Noncurrent Liabilities	<u>2,085,827</u>

## Total Liabilities

2,259,082

## Net Assets

Invested in capital assets, net of related debt	1,140,664
Unrestricted	1,796,209
Total Net Assets	<u>2,936,873</u>

**TOTAL LIABILITIES AND NET ASSETS****\$ 5,195,955**

The accompanying notes are an integral part of this financial statement.

**EXHIBIT B**

**LOUISIANA BOARD OF PHARMACY  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2012**

<b>OPERATING REVENUES</b>	
Licenses, permits, and fees	<u>\$ 2,783,636</u>
Total Operating Revenues	<u>2,783,636</u>
<b>EXPENSES</b>	
Personnel services and related benefits	1,688,526
Operating services	311,962
Materials and supplies	121,942
Professional fees	200,619
Travel	109,896
Depreciation	129,481
Other	<u>350</u>
Total Operating Expenses	<u>2,562,776</u>
Operating Income (Loss)	<u>220,860</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Investment income	17,715
Investment expense	(27,631)
Interest expense	(85,756)
Gain on disposal of asset	<u>1,221</u>
	<u>(94,451)</u>
Income (Loss)	126,409
Total net assets - beginning of year	<u>2,810,464</u>
Total net assets - end of year	<u>\$ 2,936,873</u>

The accompanying notes are an integral part of this financial statement.

## EXHIBIT C

**LOUISIANA BOARD OF PHARMACY  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2012**

<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	
Cash received from licenses	\$ 2,800,505
Cash payments to suppliers of goods and services	(790,304)
Cash payments to employees for services	(1,543,035)
Net cash provided (used) by operating activities	<u>467,166</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Principal paid on note	(55,134)
Interest paid on note	(79,387)
Gain on disposal of asset	1,221
Purchase of capital assets	(153,532)
Net cash used by capital and related financing activities	<u>(286,832)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of securities	(948,000)
Sale of securities	274,886
Interest income	20,202
Investment expense	(27,631)
Net cash provided (used) by investing activities	<u>(680,543)</u>
Net increase (decrease) in cash and cash equivalents	(500,209)
Cash and cash equivalents, beginning of year	<u>2,027,319</u>
Cash and cash equivalents, end of year	<u>\$ 1,527,110</u>
<b>RECONCILIATION OF OPERATING INCOME AND NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Operating income	\$ 220,860
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation	129,481
Changes in assets and liabilities:	
Accounts receivable and other receivable	16,869
Prepayments	(1,806)
Accounts payable	11,831
Payroll tax liability	2,278
Compensated absences	(13,101)
OPEB payable	100,754
Net cash used by operating activities	<u>\$ 467,166</u>

The accompanying notes are an integral part of this financial statement.

**LOUISIANA BOARD OF PHARMACY  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012**

**INTRODUCTION**

The Louisiana Board of Pharmacy (the Board) is a component unit of the State of Louisiana created within the Louisiana Department of Health and Hospitals, as provided by Louisiana Revised Statutes (LSA-R.S) 37:1171. The board is composed of seventeen members, appointed by the governor, including two licensed pharmacist from each of the pharmacy Boards districts as provided in R.S. 37:1173.

The Board is charged with the responsibility of establishing rules and regulations that control and regulate the practice of pharmacy.

Revenues to operate the Board are self-generated by licenses and fees paid by licensees and applicants.

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**1. Reporting Entity**

Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) established criteria for determining the governmental reporting entity and component units that should be included in the reporting entity. In conformance with GASB Codification Section 2100, this entity is a component unit of the State of Louisiana because the board is not legally separate and the state holds the board's corporate powers. The accompanying basic financial statements present only the transactions of the Louisiana Board of Pharmacy, a component unit of the State of Louisiana.

**2. Basis of Presentation**

The financial statements of the Board are prepared in accordance with accounting principles generally accepted in the United States of America. The Board's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements. The Board may also apply all FASB pronouncements or interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements.

The accounts of the Louisiana Board of Pharmacy are maintained in accordance with applicable statutory provisions and the regulations of the Division of Administration – Office of Statewide Reporting and Accounting Policy as follows:

**Revenue Recognition**

Revenues are recognized using the full accrual basis of accounting; therefore, revenues are recognized in the accounting period in which they are earned and become measurable.

**LOUISIANA BOARD OF PHARMACY  
NOTES TO FINANCIAL STATEMENTS**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Expense Recognition

Expenses are recognized on the accrual basis; therefore, expenses, including salaries, are recognized in the period incurred, if measurable.

**3. Basis of Accounting**

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) generally accepted in the United States of America using the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred.

**4. Method of Accounting**

In June 1999, the Board adopted the provisions of Statement No. 34 ("Statement 34") of the Governmental Accounting Standards Board "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments." Statement 34 established standards for external financial reporting for all state and local government entities which includes a statement of net assets, a statement of activities and changes in net assets, and a statement of cash flows. It requires the classification of net assets into three components – invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

*Invested in capital assets, net of related debt* – This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net assets component as the unspent proceeds.

*Restricted* – This component of net assets consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions of enabling legislation.

*Unrestricted net assets* – This component of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

The adoption of Statement 34 had no effect on the basic financial statements except for the classification of net assets in accordance with the Statement and the reflection of capital contributions as a change in net assets.

The financial statements of the Board are prepared on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred. Under Governmental Accounting Standards Board (GASB) Statement No. 20, the Board has elected not to apply Financial Accounting Standards Board provisions issued after November 30, 1989. GASB 34 was adopted in June, 1999, but not implemented until the year ended June 30, 2002.

**LOUISIANA BOARD OF PHARMACY  
NOTES TO FINANCIAL STATEMENTS**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**5. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally *accepted in the United States of America* requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**6. Cash and Investments**

Cash includes amounts in demand deposits and interest bearing demand deposits, and time deposits, and time deposits. Cash equivalents include amounts in time deposits that mature within 90 days after year end and other investments with original maturities of 90 days or less. Under state law, the district may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or under the laws of the United States.

Under state law and as authorized by the Board, the Board may invest in United States bonds, treasury notes, mutual or trust funds, or certificates. These are classified as investments if their original maturities exceed 90 days. However, if the original maturities are 90 days or less, they are classified as cash equivalents.

**7. Bad Debts**

Uncollectible accounts receivable are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. At June 30, 2012, there were no amounts considered to be uncollectible.

**8. Capital Assets**

Capital assets purchased in excess of \$1,000 are recorded at historical cost and depreciated over their estimated useful lives (excluding salvage value). Estimated useful life is management's estimate of how long the asset is estimated to meet service demands. Straight-line depreciation is used based on the following estimated useful lives:

Furniture	5-7 years
Equipment	5-10 years

**8. Encumbrances**

Encumbrance accounting is used to record purchase orders as they are incurred to reserve that portion of the application appropriation. This method of accounting is not employed.

**LOUISIANA BOARD OF PHARMACY  
NOTES TO FINANCIAL STATEMENTS**

**9. Revenues and Expenses**

Revenues and expenses are recorded on the accrual basis of accounting. Revenues consist of licenses, examination fees, and disciplinary fines. Licenses are renewed on December 31, of each year. Licenses are recorded in the *Statement of Activities* when they are earned. Operating and non-operating expenses are recorded as they are incurred. During the fiscal year, the Board started issuing permits for Durable Medical Equipment providers. During the year, the board issued 37,582 permits and earned an additional \$440,750 in fees.

When an expense is incurred for purposes for which there are both restricted and unrestricted net assets available, it is the Board's policy to apply those expenses to restricted net assets to the extent such are available and then to unrestricted net assets.

**10. Employee Compensated Absences**

Employees earn and accumulate vacation and sick leave at varying rates, depending on their years of service. Each employee may accumulate an unlimited amount of vacation and sick leave. After an employee is terminated they are compensated for up to 300 hours of unused vacation at their current rate of pay. The cost of current leave privileges are recognized as a current-year expense. The cost of leave not requiring current resources is recorded as a long-term obligation.

**11. Statement of Cash Flows**

This statement is prepared using the direct method. For purposes of this statement, this entity considers all highly liquid investments with a maturity of three months or less when purchases as cash equivalents.

**NOTE B – BUDGET PRACTICES**

The budget is legally adopted and amended, as necessary, by the Board. All expenditure appropriations lapse at year end. The budgeted amounts are not included in the financial statements.

**NOTE C – DEPOSITS WITH FINANCIAL INSTITUTIONS**

For reporting purposes, deposits with financial institutions include savings, demand deposits, time deposits, and certificates of deposits and are secured by the Federal Deposit Insurance Corporation insurance. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must equal or exceed the amount on deposit. The cash deposits held at financial institutions can be categorized according the three levels of risk.

**LOUISIANA BOARD OF PHARMACY  
NOTES TO FINANCIAL STATEMENTS**

**NOTE C – DEPOSITS WITH FINANCIAL INSTITUTIONS (CONTINUED)**

The deposits at June 30, 2012, consisted of the following:

	Amount
Deposits per balance sheet	\$ 1,527,110
Bank deposits in bank accounts per bank	1,516,203
Bank balances of deposits exposed to custodial credit risk:	
a. Uninsured and uncollateralized	\$ -
b. Uninsured and collateralized with securities held by the pledging institution	-
c. Uninsured and collateralized with securities held by the pledging institutions trust department or agent but not in the entity's name	1,021,690

**NOTE D – INVESTMENTS**

Investments of the Board consist of certificates of deposit, U.S. Treasury securities, and U.S. Government bonds. These securities are stated at their fair value as required by GASB Statement 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*. The Board used quoted market values to determine fair value of the investments.

Descriptions	Cost	Fair Value	Interest Rates	Moody's Investors Service Credit quality Rating	Maturity Date
Certificates of Deposit	\$ 948,000	\$ 930,070	.05% - 1.8%		5/23/13-5/30/17
U. S. Treasury Security	25,000	30,618	1.25%	Aaa	7/15/20
Federal Home Loan Bank (FHLB)	50,000	50,267	4.625%	Aaa	8/15/12
Federal National Mortgage Association (FNMA)	210,000	213,734	1.75%-4.625%	Aaa	8/10/14-10/15/13
Federal Farm Credit Banks (FFCB)	50,000	51,142	2.80%	Aaa	06/03/13
Total debt securities-portfolio weighted-average maturity	1,283,000	1,275,831			
Money market fund-cash equivalent	51,844	51,844			
Total investments	1,334,844	1,327,675			
Accrued interest	3,917	3,917			
Total	\$1,338,761	1,331,592			

**Interest Rate Risk.** The board has a formal investment policy that limits investment maturities to five years as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Credit Risk.** The board has adopted the state investment policy at RS 49:327. The board does not have any other policy that would further limit the investment choices. The investments are government backed securities.

**Concentration of Credit Risk.** The board places no limits on the amount the board may invest in any one issuer.

**LOUISIANA BOARD OF PHARMACY  
NOTES TO FINANCIAL STATEMENTS**

**NOTE E – CAPITAL ASSETS**

A summary of changes, capital assets, and accumulated depreciation for the year ended June 30, 2012 is as follows:

	Balance June 30, 2011	Additions	Retirements	Balance June 30, 2012
Capital Assets, not being depreciated				
Land	\$ 1,004,940	\$ -	\$ -	\$ 1,004,940
Total Capital Assets, not being depreciated	<u>1,004,940</u>	<u>-</u>	<u>-</u>	<u>1,004,940</u>
Capital Assets, being depreciated				
Buildings and building improvements	950,393	99,262	-	1,049,655
Less accumulated depreciation	(3,897)	(26,718)	-	(30,615)
Total buildings and buildings improvements	<u>946,496</u>	<u>72,544</u>	<u>-</u>	<u>1,019,040</u>
Office equipment	272,469	54,270	(35,176)	291,563
Less accumulated depreciation	(189,524)	(30,950)	33,590	(186,884)
Total office equipment	<u>82,945</u>	<u>23,320</u>	<u>(1,586)</u>	<u>104,679</u>
Software	359,062	-	-	359,062
Less accumulated depreciation	(110,839)	(71,813)	-	(182,652)
Total software	<u>248,223</u>	<u>(71,813)</u>	<u>-</u>	<u>176,410</u>
Total Capital Assets, being depreciated	<u>1,277,664</u>	<u>24,051</u>	<u>(1,586)</u>	<u>1,300,129</u>
Total Capital Assets, net	<u>\$ 2,282,604</u>	<u>\$ 24,051</u>	<u>(1,586)</u>	<u>\$ 2,305,069</u>

Total depreciation expense for the year ended June 30, 2012 was \$129,481.

**NOTE F – NOTES PAYABLE**

In January 2011, the Louisiana Board of Pharmacy purchased an office building and acquired a loan in the amount of \$1,300,000 with an interest rate at 6.25% and a maturity date of January 16, 2016. Iberia Bank currently holds the lien to the building title and the vacant lot valued at \$709,080 is pledged as collateral against the loan. The following is a summary of the long-term notes payable for the year ended June 30, 2012:

Balance at July 1, 2011	\$ 1,278,024
Principal payments	(55,134)
Balance at June 30, 2012	<u>1,222,890</u>
Less Current Maturity	(58,487)
Long-Term Notes Payable	<u>\$ 1,164,403</u>

**LOUISIANA BOARD OF PHARMACY  
NOTES TO FINANCIAL STATEMENTS**

**NOTE F – NOTES PAYABLE (CONTINUED)**

The annual requirements to amortize all debt outstanding as of June 30, 2012 including interest payments of \$253,509 are as follows:

<u>Year Ending June 30,</u>	<u>Notes Payable</u>
2013	134,521
2014	134,521
2015	134,521
2016	<u>1,072,834</u>
	<u>\$ 1,476,397</u>

**NOTE G – LITIGATION**

There is one judgment or claim pending against the Board at June 30, 2012. The likelihood of a favorable outcome is great since the Judgment and Order granting the Board's petition has already been signed. No adjustment has been made to the financial statements.

**NOTE H – RETIREMENT SYSTEM**

The employees of the Board are members of the Louisiana State Employees Retirement System (LASERS), a multiple-employer defined benefit pension plan. LASERS is a component unit of the State of Louisiana included in the State's CAFR as pension trust fund. LASERS was established and provided within Title 11 Chapter 401 of the Louisiana Revised Statutes. LASERS is a statewide public retirement system for the benefits of the state employees, which is administered by a separate board of trustees. LASERS issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit pension plan. This report can be obtained by writing to LASERS, 8401 United Plaza Blvd, PO Box 44213, Baton Rouge, LA 70809 or can be obtained from their web site at:

[http://www.lasersonline.org/uploads/2011\\_CAFR\\_web\\_version.pdf](http://www.lasersonline.org/uploads/2011_CAFR_web_version.pdf)

All full-time employees, who began state employment prior to age 60, are eligible to participate in the System. Benefits vest with 10 years of service. At retirement age, employees are entitled to annual benefits equal to 2.5 per cent of their highest consecutive 36 months average salary multiplied by their years of credited service plus \$300 for employees hired before July 31, 1986. Vested employees eligible to begin participation before July 1, 2006, are entitled to a retirement benefit, payable monthly for life (a) any age with 30 years of service, (b) age 55 with 25 years of service, or (c) age 60 with 10 years of service. The System also provides death and disability benefits.

State law provides for fiscal year 2012, 2011, and 2010 contribution rates of 7.5% by employees. The contribution rate for the employer for the fiscal year ended June 30, 2012 increased to 25.6% of annual covered payroll from the 22.0% and 18.6% required in the fiscal years of ended June 30, 2011 and 2010, respectively. Contribution requirements to the System are set by Statute and differ from the contribution requirements determined using actuarial methods. The contributions to the System for the years ending June 30, 2012, 2011, and 2010 were \$249,094, \$228,038, and \$198,504, respectively, which are the required contributions set by Statute.

**LOUISIANA BOARD OF PHARMACY  
NOTES TO FINANCIAL STATEMENTS**

**NOTE I –EMPLOYEE BENEFITS – OTHER POST-EMPLOYMENT BENEFITS**

The Board may provide certain continuing health care and life insurance benefits for its retired employees through the Louisiana Office of Group Benefits. Substantially all employees become eligible for those benefits if they reach normal retirement age while working for the Board and were covered by the Board's active medical plan immediately prior to retirement. Those benefits include joint payment of monthly premiums for the coverage provided.

*Plan Description.* The State of Louisiana's Other Post-Employment Benefit Plant (OPEB Plan) is an agent multiple-employer plan administered by the Louisiana Office of Group Benefits (OGB). There are three plans available to eligible retirees for health care- OGB Preferred Provider Organization (PPO), Humana Health Maintenance Organization (HMO) and United Exclusive Provider Organization (EPO). Participants eligible for Medicare coverage can choose one of two OGB Medicare Advantage Plans, either an HMO or private fee-for-service (PFFS) plan. Life insurance benefits include basic term life, basic plus supplemental term life, dependent term life and employee accidental death and dismemberment coverage. The policy is underwritten by The Prudential Insurance Company of America.

LRS 42:801-883 provides for the authority under which benefit provisions are established and may be amended. The OGB does not issue a stand-alone report; however, it is included in the Louisiana Comprehensive Annual Financial Report (CAFR). The CAFR may be obtained from the Office of Statewide Reporting and Accounting Policy's website at [www.doa.la.gov/osrap](http://www.doa.la.gov/osrap), writing to P. O. Box 94095, Baton Rouge, LA 70804-9095 or by calling 225-342-0708.

*Funding Policy.* LRS 42:801-883 provides for the authority under which the obligations of the plan members and the system are established and may be amended. For employees hired prior to January 1, 2002, the cost of coverage is shared 25% by the participant and 75% by the Board with the exception of single retirees under age 65. He/she must pay 25% of the active employee cost. Employees hired on or after January 1, 2002, pay a percentage of the total contribution rate based on his/her years of service at retirement (under 10 yrs. - 81%; 10-14 yrs. - 62%; 15-19 yrs. - 44%; 20+ yrs. - 25%). A lifetime maximum for healthcare benefits is set at \$5,000,000 for the PPO, HMO, and EPO plants. The retiree must pay 50% of the life insurance premiums for him or herself and 88% for his/her spouse. Maximum coverage is capped at \$50,000.

Premiums paid for healthcare coverage vary depending on the plan chosen. For the year ended June 30, 2012, this amount ranges \$326 to \$338 per month for single members with Medicare or \$969 to \$1,049 per month without Medicare.

Premiums paid for retiree and spouse range from \$1,191 to \$1,249 per month for those with Medicare or \$1,739 to \$1,835 per month for those without Medicare. The rates for retirees with children are slightly higher than the single rates and family coverage is slightly higher than the retiree/spouse rates. The plan is currently financed on a pay-as-you-go basis by the Board.

*OPEB Cost/Obligation.* The Board's Annual Required Contribution (ARC) is an amount actuarially in accordance with GASB 45. The Annual Required Contribution (ARC) represents a level of funding that, if paid on an ongoing basis, would cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. A level percentage of payroll amortization method, open period, was used. The total ARC for the year beginning July 1, 2011, is as follows:

**LOUISIANA BOARD OF PHARMACY  
NOTES TO FINANCIAL STATEMENTS**

**NOTE I –EMPLOYEE BENEFITS – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

**Annual OPEB Expense and Net OPEB Obligation**

Fiscal Year Ending		6/30/2012
Net OPEB Obligation at June 30, 2011	\$	744,148
Annual Required Contribution		143,500
Interest on Net OPEB Obligation		29,800
ARC Adjustment		(28,400)
Annual OPEB Expense		144,900
Contributions made		<u>(44,146)</u>
Net OPEB Obligation at June 30, 2012	\$	<u>844,902</u>
Percentage of Annual OPEB Cost Contributed		30.47%

*Funding Status and Funding Progress.* As of June 30, 2012, the Board had not made any contributions to its post-employment benefits plan trust. A trust was established during the current year but was not funded. Thus, it has no plan assets and a funding ratio of zero. Funding status and progress is summarized below:

Actuarial accrued liability (AAL)	\$	1,567,900
Actuarial value of plan assets		-
Unfunded actuarial accrued liability (UAAL)	\$	<u>1,567,900</u>
Funded ratio (actuarial value of plan assets/AAL)		0.00%
Covered payroll (annual payroll of active employees covered by the plan)		608,400
UAAL as a percentage of covered payroll		258%

*Actuarial Methods and Assumptions.* Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities consistent with the long-term perspective of the calculations.

**LOUISIANA BOARD OF PHARMACY  
NOTES TO FINANCIAL STATEMENTS**

**NOTE I – EMPLOYEE BENEFITS – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

In the July 1, 2011, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.0 percent investment rate of return (net of administrative expenses) and initial annual healthcare cost trend rate of 9.5% and 10.6% for pre-Medicare and Medicare eligibles, respectively, scaling down to ultimate rates of 5% per year. The Board's unfunded actuarial accrued liability is being amortized as a level percentage of payroll on an open basis. The remaining amortization period at June 30, 2012, was thirty years.

**NOTE J – COMPENSATED ABSENCES**

The Louisiana Board of Pharmacy has the following policy related to annual and sick leave for the Board's unclassified clerical employees. The earning of annual and sick leave is based on the equivalent of full-time services. It is credited at the end of each month of regular service. Accrued unused annual and sick leave shall be carried forward to the succeeding calendar year without limitation; however, upon separation of service, no sick leave will be paid and only 300 hours of annual leave will be paid. Annual leave must be applied for by the employee and may only be used when approved by the Board.

Changes in accrued leave for the current and long-term periods are as follows:

	Current	Long-term	Total
Balance, July 1, 2011	\$ 40,125	97,044	137,169
Additions	7,422	-	7,422
Deletions	-	(20,522)	(20,522)
Balance, June 30, 2012	<u>\$ 47,547</u>	<u>76,522</u>	<u>124,069</u>

**NOTE K – BOARD MEMBERS' PER DIEM**

The Board members are paid per diem of \$75 per day for each day of actual attendance of board meetings and for attending to official business of the Board as authorized by Act No. 767 Louisiana Legislature.

**NOTE L – OPERATING LEASES**

The Board has the following leases at June 30, 2012:

- Stanley Security Systems – Monthly monitoring and security. There are three leases with monthly payments of \$65, \$30, and \$39, respectively. The leases end in April 2016, March 2016, and April 2016, respectively.
- Corporate Green, LLC – Lawn maintenance. The monthly lease payment is \$210 with an ending date in May, 2014.
- Xerox – Copier. The monthly lease payment is \$301 with an ending date in June, 2013.
- Allied Waste – Solid waste services. The monthly lease payment is \$55 with an ending date in April, 2014.
- Essential Solutions, LLC – Information technology services. The monthly lease payment is \$2,000 with an ending date in December, 2012.

**LOUISIANA BOARD OF PHARMACY  
NOTES TO FINANCIAL STATEMENTS**

**NOTE L – OPERATING LEASES (CONTINUED)**

The following is a schedule of future minimum lease payments required under the operating leases:

	<u>Total</u>
2013	\$ 20,400
2014	4,468
2015	1,608
2016	<u>1,310</u>
	<u><u>27,786</u></u>

**NOTE M – RELATED PARTY TRANSACTIONS**

The Board did not have any related party transactions for the year ended June 30, 2012.

**NOTE N – SUBSEQUENT EVENTS**

These financial statements considered subsequent events through August 15, 2012, the date the financial statements were available to be issued.

**SUPPLEMENTAL INFORMATION**

**SCHEDULE 1**

**LOUISIANA BOARD OF PHARMACY  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA  
SCHEDULE OF BOARD MEMBERS PER DIEM  
FOR THE YEAR ENDED JUNE 30, 2012**

<u>Board Members</u>	<u>Amount</u>
Joseph L. Adams	\$ 2,025
Carl W. Aron	3,750
Brian A. Bond	2,550
Jacqueline L. Hall	1,200
Lois Anderson	-
Marty R. McKay	1,875
Chris B. Melancon	1,425
Ronald E. Moore	975
Blake P. Pitre	1,950
T. Morris Rabb	2,400
Clovis Burch	2,325
Pamela Reed	1,875
Richard Indovina	1,425
Ryan Dartez	750
Deborah Simonson	900
Don Resweber	825
Richard A. "Andy" Soileau	1,950
Total	<u>\$ 28,200</u>

The schedule of per diem paid board members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature.

# **BAXLEY AND ASSOCIATES, LLC**

P. O. Box 482  
58225 Belleview Drive  
Plaquemine, Louisiana 70764  
Phone (225) 687-6630 Fax (225) 687-0365

Hugh F. Baxley, CPA/CVA/PFS/FCPA  
Margaret A. Pritchard, CPA

-----  
Staci H. Joffrion, CPA

## **SCHEDULE 2**

To the Board of Directors  
Louisiana Board of Pharmacy  
Baton Rouge, Louisiana

### **REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

We have audited the financial statements of the business-type activities of the Louisiana Board of Pharmacy, a component unit of the State of Louisiana, as of and for the year ended June 30, 2012, and have issued our report thereon dated August 15, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### **Internal Control Over Financial Reporting**

Management of the Louisiana Board of Pharmacy is responsible for establishing and maintaining internal control over financial reporting. In planning and performing our audit, we considered the Louisiana Board of Pharmacy's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Louisiana Board of Pharmacy's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Louisiana Board of Pharmacy's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control in financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Louisiana Board of Pharmacy's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the management, others within the entity, and federal awarding agencies and state agencies and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Baxley & Associates, LLC*

Plaquemine, Louisiana  
August 15, 2012

**LOUISIANA BOARD OF PHARMACY  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA  
SUMMARY OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2012**

**SUMMARY OF AUDITOR'S RESULTS**

1. The auditor's report expresses an unqualified opinion on the financial statements of the Louisiana Board of Pharmacy.
2. There are no significant deficiencies relating to the audit of the financial statements reported in the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards.
3. No instances of noncompliance material to the financial statements of the Louisiana Board of Pharmacy were disclosed during the audit.

**LOUISIANA BOARD OF PHARMACY  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA  
SUMMARY OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2012**

There were no prior year audit findings or questioned costs.

**LOUISIANA BOARD OF PHARMACY**

STATE OF LOUISIANA  
Annual Financial Statements  
June 30, 2012

C O N T E N T S

Affidavit

Statements

Balance Sheet	A
Statement of Revenues, Expenses, and Changes in Fund Net Assets	B
Statement of Activities	C
Statement of Cash Flows	D
Notes to the Financial Statements	

Notes	Note Name	Page No.
A.	Summary of Significant Accounting Policies	1
B.	Budgetary Accounting	2
C.	Deposits with Financial Institutions and Investments	2
D.	Capital Assets – Including Capital Lease Assets	6
E.	Inventories	8
F.	Restricted Assets	8
G.	Leave	8
H.	Retirement System	8
I.	Other Postemployment Benefits	10
J.	Leases	10
K.	Long-Term Liabilities	11
L.	Contingent Liabilities	11
M.	Related Party Transactions	11
N.	Accounting Changes	11
O.	In-Kind Contributions	11
P.	Defeased Issues	11
Q.	Revenues or Receivables – Pledged or Sold (GASB 48)	11
R.	Government-Mandated Nonexchange Transactions (Grants)	12
S.	Violations of Finance-Related Legal or Contractual Provisions	12
T.	Short-Term Debt	12
U.	Disaggregation of Receivable Balances	12
V.	Disaggregation of Payable Balances	12
W.	Subsequent Events	12
X.	Segment Information	13
Y.	Due to/Due from and Transfers	13
Z.	Liabilities Payable from Restricted Assets	13
AA.	Prior-Year Restatement of Net Assets	13

BB.	Net Assets Restricted by Enabling Legislation	13
CC.	Impairment of Capital Assets	13
DD.	Employee Termination Benefits	13
EE.	Pollution Remediation Obligations	13
FF.	American Recovery and Reinvestment Act (ARRA)	13
GG.	Restricted Net Assets – Other Purposes	13

#### Schedules

1	Schedule of Per Diem Paid to Board Members
2	Not Applicable
3	Schedules of Long-Term Debt
4	Schedules of Long-Term Debt Amortization
15	Schedule of Comparison Figures and Instructions
16	Schedule of Cooperative Endeavors

STATE OF LOUISIANA  
Annual Financial Statements  
Fiscal Year Ended June 30, 2012

**Louisiana Board of Pharmacy**  
**3388 Brentwood Drive**  
**Baton Rouge, Louisiana 70809-1700**

Division of Administration  
Office of Statewide Reporting  
and Accounting Policy  
P. O. Box 94095  
Baton Rouge, Louisiana 70804-9095

Legislative Auditor  
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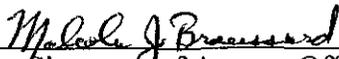
**LLAFileroom@lla.la.gov**

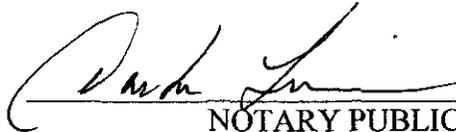
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1201 N. Third Street  
Claiborne Building, 6th Floor, Suite 6-130  
Baton Rouge, Louisiana 70802

Physical Address:  
1600 N. Third Street  
Baton Rouge, Louisiana 70802

AFFIDAVIT

Personally came and appeared before the undersigned authority, Malcolm J. Broussard, Executive Director of Louisiana Board of Pharmacy who duly sworn, deposes and says, that the financial statements herewith given present fairly the financial position of Louisiana Board of Pharmacy at June 30, 2012 and the results of operations for the year then ended in accordance with policies and practices established by the Division of Administration or in accordance with Generally Accepted Accounting Principles as prescribed by the Governmental Accounting Standards Board. Sworn and subscribed before me, this 17 day of August, 2012.

  
\_\_\_\_\_  
Signature of Agency Official

  
\_\_\_\_\_  
NOTARY PUBLIC

*Bar 7011 No. 23729*

Prepared by: Malcolm Broussard

Title: Executive Director

Telephone No.: 225.925.6481

Date: August 17, 2012

Email Address: mbroussard@pharmacy.la.gov

**STATE OF LOUISIANA  
LOUISIANA BOARD OF PHARMACY  
BALANCE SHEET  
AS OF JUNE 30, 2012**

**Statement A**

**ASSETS**

**CURRENT ASSETS:**

Cash and cash equivalents	\$	1,527,110
Restricted Cash and Cash Equivalents		
Investments		1,327,675
Derivative instrument		
Deferred outflow of resources		
Receivables (net of allowance for doubtful accounts)(Note U)		15,879
Due from other funds (Note Y)		
Due from federal government		
Inventories		
Prepayments		20,222
Notes receivable		
Other current assets		
Total current assets		2,890,886

**NONCURRENT ASSETS:**

Restricted assets (Note F):		
Cash		
Investments		
Investments		
Notes receivable		
Capital assets, net of depreciation (Note D)		
Land and non-depreciable easements		1,004,940
Buildings and improvements		1,019,040
Machinery and equipment		104,679
Software		176,410
Intangible assets		
Construction/Development-in-progress		
Other noncurrent assets		
Total noncurrent assets		2,305,069
Total assets	\$	5,195,955

**LIABILITIES**

**CURRENT LIABILITIES:**

Accounts payable and accruals (Note V)	\$	67,221
Other current liabilities		
Current portion of long-term liabilities: (Note K)		
Contracts payable		
Compensated absences payable		47,547
Capital lease obligations		
Notes payable		58,487
Bonds payable (include unamortized costs)		
Other long-term liabilities		
Total current liabilities		173,255

**NONCURRENT LIABILITIES: (Note K)**

Contracts payable		
Compensated absences payable		76,522
Notes payable		1,164,403
Pollution remediation obligation		
Bonds payable (include unamortized costs)		
OPEB payable		844,902
Other long-term liabilities		
Total noncurrent liabilities		2,085,827
Total liabilities		2,259,082

**NET ASSETS**

Invested in capital assets, net of related debt		1,140,664
Restricted for:		
Capital projects		
Debt Service		
Unemployment compensation		
Other specific purposes		
Unrestricted		1,796,209
Total net assets		2,936,873
Total liabilities and net assets	\$	5,195,955

The accompanying notes are an integral part of this financial statement.

**STATE OF LOUISIANA**  
**LOUISIANA BOARD OF PHARMACY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

**Statement B**

<b>OPERATING REVENUE</b>	
Sales of commodities and services	\$ _____
Assessments	_____
Use of money and property	_____
Licenses, permits, and fees	2,783,636
Other	_____
<i>Total operating revenues</i>	<u>2,783,636</u>
<b>OPERATING EXPENSES</b>	
Cost of sales and services	_____
Administrative	2,433,294
Depreciation	129,481
Amortization	_____
<i>Total operating expenses</i>	<u>2,562,775</u>
Operating income(loss)	<u>220,861</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
State appropriations	_____
Intergovernmental revenues(expenses)	_____
Investment expense	(27,631)
Use of money and property	17,715
Gain on disposal of fixed assets	1,221
Loss on disposal of fixed assets	_____
Federal grants	_____
Interest expense	(85,756)
Other revenue	_____
Other expense	_____
<i>Total non-operating revenues(expenses)</i>	<u>(94,451)</u>
Income(loss) before contributions, extraordinary items, & transfers	<u>126,410</u>
Capital contributions	_____
Extraordinary item - Loss on impairment of capital assets	_____
Transfers in	_____
Transfers out	_____
Change in net assets	<u>126,410</u>
<i>Total net assets – beginning</i>	<u>2,810,464</u>
<i>Total net assets – ending</i>	<u>\$ 2,936,874</u>

The accompanying notes are an integral part of this financial statement.

**STATE OF LOUISIANA  
 LOUISIANA BOARD OF PHARMACY  
 STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2012**

**Statement C**

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Entity	\$ <u>2,674,941</u>	\$ _____	\$ _____	\$ <u>(2,674,941)</u>
General revenues:				
Licenses, permits, and fees				<u>2,783,636</u>
State appropriations				_____
Grants and contributions not restricted to specific programs				_____
Interest				<u>17,715</u>
Miscellaneous				_____
Special items				_____
Extraordinary item - Loss on impairment of capital assets				_____
Transfers				_____
Total general revenues, special items, and transfers				<u>2,801,351</u>
Change in net assets				<u>126,410</u>
Net assets - beginning as restated				<u>2,810,464</u>
Net assets - ending				\$ <u>2,936,874</u>

The accompanying notes are an integral part of this statement.

**STATE OF LOUISIANA  
LOUISIANA BOARD OF PHARMACY  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2012**

**Statement D  
(continued)**

<b>Cash flows from operating activities</b>		
Cash receipts from customers	\$ 2,800,505	
Cash receipts from interfund services provided		
Other operating cash receipts, if any		
Cash payments to suppliers for goods or services	(790,304)	
Cash payments to employees for services	(1,543,035)	
Cash payments for interfund services used, including payments "In Lieu of Taxes"		
Other operating cash payments, if any		
Net cash provided(used) by operating activities		<u>467,166</u>
<b>Cash flows from non-capital financing activities</b>		
State appropriations		
Principal paid on bonds		
Interest paid on bond maturities		
Proceeds from issuance of notes payable		
Principal paid on notes payable		
Interest paid on notes payable		
Operating grants received		
Transfers in		
Transfers out		
Other		
Net cash provided(used) by non-capital financing activities		<u>-</u>
<b>Cash flows from capital and related financing activities</b>		
Proceeds from sale of bonds		
Principal paid on bonds		
Interest paid on bond maturities		
Proceeds from issuance of notes payable		
Principal paid on notes payable	(55,134)	
Interest paid on notes payable	(79,387)	
Acquisition/construction of capital assets	(153,532)	
Proceeds from sale of capital assets		
Capital contributions		
Gain on disposal of asset	1,221	
Net cash provided(used) by capital and related financing activities		<u>(286,832)</u>
<b>Cash flows from investing activities</b>		
Purchases of investment securities	(948,000)	
Proceeds from sale of investment securities	274,886	
Investment expense	(27,631)	
Interest and dividends earned on investment securities	20,202	
Net cash provided(used) by investing activities		<u>(680,543)</u>
Net increase(decrease) in cash and cash equivalents		<u>(500,209)</u>
Cash and cash equivalents at beginning of year		<u>2,027,319</u>
Cash and cash equivalents at end of year	\$	<u>1,527,110</u>

**STATE OF LOUISIANA  
LOUISIANA BOARD OF PHARMACY  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2012**

**Statement D  
(concluded)**

**Reconciliation of operating income(loss) to net cash provided(used) by operating activities:**

Operating income(loss)	\$ <u>220,861</u>
Adjustments to reconcile operating income(loss) to net cash provided(used) by operating activities:	
Depreciation/amortization	<u>129,481</u>
Provision for uncollectible accounts	<u>          </u>
Other	<u>          </u>
Changes in assets and liabilities:	
(Increase)decrease in accounts receivable, net	<u>16,869</u>
(Increase)decrease in due from other funds	<u>          </u>
(Increase)decrease in prepayments	<u>(1,806)</u>
(Increase)decrease in inventories	<u>          </u>
(Increase)decrease in other assets	<u>          </u>
Increase(decrease) in accounts payable and accruals	<u>11,831</u>
Increase(decrease) in compensated absences payable	<u>(13,101)</u>
Increase(decrease) in payroll tax liability	<u>2,277</u>
Increase(decrease) in deferred revenues	<u>          </u>
Increase(decrease) in OPEB payable	<u>100,754</u>
Increase(decrease) in other liabilities	<u>          </u>
Net cash provided(used) by operating activities	\$ <u>467,166</u>

**Schedule of noncash investing, capital, and financing activities:**

Borrowing under capital lease(s)	\$ _____
Contributions of fixed assets	_____
Purchases of equipment on account	_____
Asset trade-ins	_____
Other (specify)	_____
_____	_____
_____	_____
_____	_____
<b>Total noncash investing, capital, and financing activities:</b>	\$ <u>          </u>

The accompanying notes are an integral part of this statement.

**STATE OF LOUISIANA  
LOUISIANA BOARD OF PHARMACY  
Notes to the Financial Statement  
As of and for the year ended June 30, 2012**

**INTRODUCTION**

The Louisiana Board of Pharmacy was created by the Louisiana State Legislature under the provisions of Louisiana Revised Statute 37:1171. The following is a brief description of the operations of Louisiana Board of Pharmacy:

The Louisiana Board of Pharmacy is a component unit of the State of Louisiana. The board is composed of seventeen members, appointed by the governor, including two licensed pharmacists from each of the Board's districts as provided by R.S. 37:1173. The Board is charged with the responsibility of establishing rules and regulations that control and regulate the practice of pharmacy. Revenues to operate the Board are self-generated by licenses and fees paid by licensees and applicants.

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

BASIS OF ACCOUNTING

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. The GASB has issued a Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). This codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles.

The accompanying financial statements of the Louisiana Board of Pharmacy present information only as to the transactions of the programs of the Louisiana Board of Pharmacy as authorized by Louisiana statutes and administrative regulations.

Basis of accounting refers to when revenues and expenses are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accounts of the Louisiana Board of Pharmacy are maintained in accordance with applicable statutory provisions and the regulations of the Division of Administration – Office of Statewide Reporting and Accounting Policy as follows:

Revenue Recognition

Revenues are recognized using the full accrual basis of accounting; therefore, revenues are recognized in the accounting period in which they are earned and become measurable.



**STATE OF LOUISIANA  
LOUISIANA BOARD OF PHARMACY  
Notes to the Financial Statement  
As of and for the year ended June 30, 2012**

deposits (including nonnegotiable CDs and restricted cash and cash equivalents) with a maturity of three months or less when purchased are considered to be cash equivalents.

Deposits in bank accounts are stated at cost, which approximates market. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are required to be held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the State Treasurer.

**GASB Statement 40, which amended GASB Statement 3**, eliminated the requirement to disclose all deposits by three categories of risk. GASB Statement 40 requires only the disclosure of deposits that are considered to be exposed to custodial credit risk. An entity's deposits are exposed to custodial credit risk if the deposit balances are either 1) uninsured and uncollateralized, 2) uninsured and collateralized with securities held by the pledging financial institution, or 3) uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the entity's name.

The deposits at June 30, 2012, consisted of the following:

	Cash	Nonnegotiable Certificates of Deposit	Other (Describe)	Total
Deposits per Balance Sheet (Reconciled bank balance)	\$ 1,527,110	\$	\$	\$ 1,527,110
Deposits in bank accounts per bank	\$ 1,516,203	\$	\$	\$ 1,516,203
Bank balances exposed to custodial credit risk:	\$	\$	\$	\$
a. Uninsured and uncollateralized				
b. Uninsured and collateralized with securities held by the pledging institution				
c. Uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the entity's	1,021,690			1,021,690

**STATE OF LOUISIANA  
 LOUISIANA BOARD OF PHARMACY  
 Notes to the Financial Statement  
 As of and for the year ended June 30, 2012**

The following is a breakdown by banking institution, program, and amount of the "Deposits in bank accounts per bank" balances shown above:

<u>Banking Institution</u>	<u>Program</u>	<u>Amount</u>
1. Whitney Bank	Operating accounts	\$ 160,884
2. Whitney Bank	Relief funds	83,630
3. Iberia Bank	Operating accounts	781,217
4. Iberia Bank	Renovations	490,472
Total		\$ <u>1,516,203</u>

Cash in State Treasury and petty cash are not required to be reported in the note disclosure. However, to aid in reconciling amounts reported on the balance sheet to amounts reported in this note, list below any cash in treasury and petty cash that are included on the balance sheet.

Cash in State Treasury	\$ <u>-0-</u>
Petty cash	\$ <u>-0-</u>

**2. INVESTMENTS**

The Louisiana Board of Pharmacy does maintain investment accounts as authorized by 71:1.1501.

**Custodial Credit Risk**

Investments can be exposed to custodial credit risk if the securities underlying the investment are uninsured, not registered in the name of the entity, and are either held by the counterparty or held by the counterparty's trust department or agent, but not in the entity's name. Repurchase agreements are not subject to credit risk if the securities underlying the repurchase agreement are exempt from credit risk disclosure. Using the following table, list each type of investment disclosing the total carrying amounts and market values, and any amounts exposed to custodial credit risk.

GASB Statement 40 amended GASB Statement 3 to eliminate the requirement to disclose all investments by three categories of risk. GASB Statement 40 requires only the separate disclosure of investments that are considered to be exposed to custodial credit risk. Those investments exposed to custodial credit risk are reported by type in one of two separate columns depending upon whether they are held by a counterparty, or held by a counterparty's trust department or agent not in the entity's name.



**STATE OF LOUISIANA  
LOUISIANA BOARD OF PHARMACY  
Notes to the Financial Statement  
As of and for the year ended June 30, 2012**

4. DERIVATIVES (GASB 53) – NOT APPLICABLE
  
5. POLICIES – NOT APPLICABLE
  
6. OTHER DISCLOSURES REQUIRED FOR INVESTMENTS – NOT APPLICABLE

**D. CAPITAL ASSETS – INCLUDING CAPITAL LEASE ASSETS**

The fixed assets used in the Special Purpose Government Engaged only in Business-Type Activities are included on the balance sheet of the entity and are capitalized at cost. Depreciation of all exhaustible fixed assets used by the entity is charged as an expense against operations. Depreciation for financial reporting purposes is computed by the straight line method over the useful lives of the assets.

**STATE OF LOUISIANA  
LOUISIANA BOARD OF PHARMACY  
Notes to the Financial Statement  
As of and for the year ended June 30, 2012**

Schedule of Capital Assets (includes capital leases)

Agency	Balance 6/30/2011	Prior Period Adjustments	Restated Balance 6/30/2011	Additions	Reclassifi- cation of CIP	** Retirements	Balance 6/30/2012
Capital assets not depreciated:							
Land	\$ 1,004,940	\$ -	\$ 1,004,940	\$ -	\$ -	\$ -	\$ 1,004,940
Non-depreciable land improvements	-	-	-	-	-	-	-
Non-depreciable easements	-	-	-	-	-	-	-
Capitalized collections	-	-	-	-	-	-	-
Software - development in progress	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-
Total capital assets not depreciated	\$ 1,004,940	\$ -	\$ 1,004,940	\$ -	\$ -	\$ -	\$ 1,004,940
Other capital assets:							
Depreciable land improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
** Accumulated depreciation	-	-	-	-	-	-	-
Total land improvements	-	-	-	-	-	-	-
Buildings	950,393	-	950,393	99,262	-	-	1,049,655
** Accumulated depreciation	(3,897)	-	(3,897)	(26,718)	-	-	(30,615)
Total buildings	946,496	-	946,496	72,544	-	-	1,019,040
Machinery & equipment	272,469	-	272,469	54,270	-	(35,176)	291,563
** Accumulated depreciation	(189,524)	-	(189,524)	(30,950)	-	33,590	(186,884)
Total machinery & equipment	82,945	-	82,945	23,320	-	(1,586)	104,679
Infrastructure	-	-	-	-	-	-	-
** Accumulated depreciation	-	-	-	-	-	-	-
Total infrastructure	-	-	-	-	-	-	-
Software (internally generated & purchased)	359,062	-	359,062	-	-	-	359,062
Other intangibles	-	-	-	-	-	-	-
** Accumulated amortization - software	(110,839)	-	(110,839)	(71,813)	-	-	(182,652)
** Accumulated amortization - other intangibles	-	-	-	-	-	-	-
Total intangibles	248,223	-	248,223	(71,813)	-	-	176,410
Total other capital assets	\$ 1,277,664	\$ -	\$ 1,029,441	\$ 95,864	\$ -	\$ (1,586)	\$ 1,123,719
Capital asset summary:							
Capital assets not depreciated	\$ 1,004,940	\$ -	\$ 1,004,940	\$ -	\$ -	\$ -	\$ 1,004,940
Other capital assets, book value	1,581,924	-	1,581,924	153,532	-	(35,176)	1,700,280
Total cost of capital assets	2,586,864	-	2,586,864	153,532	-	(35,176)	2,705,220
Accumulated depreciation/amortization	(304,260)	-	(304,260)	(129,481)	-	33,590	(400,151)
Capital assets, net	\$ 2,282,604	\$ -	\$ 2,282,604	\$ 24,051	\$ -	\$ (1,586)	\$ 2,305,069

\* Should only be used for those completed projects coming out of construction-in-progress to capital assets.

\*\* Enter a negative number except for accumulated depreciation in the retirement column

**STATE OF LOUISIANA**  
**LOUISIANA BOARD OF PHARMACY**  
**Notes to the Financial Statement**  
**As of and for the year ended June 30, 2012**

**E. INVENTORIES – NOT APPLICABLE**

**F. RESTRICTED ASSETS – NOT APPLICABLE**

**G. LEAVE**

**1. COMPENSATED ABSENCES**

The Louisiana Board of Pharmacy has the following policy on annual and sick leave:

Employees earn and accumulate annual and sick leave at various rates depending on their years of service. The amount of annual and sick leave that may be accumulated by each employee is unlimited. Upon termination, employees or their heirs are compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay at the time of termination. Upon retirement, unused annual leave in excess of 300 hours plus unused sick leave is used to compute retirement benefits.

The cost of leave privileges, computed in accordance with GASB Codification Section C60, is recognized as a current year expenditure in the fund when leave is actually taken; it is recognized in the enterprise funds when the leave is earned. The cost of leave privileges applicable to general government operations not requiring current resources is recorded in long-term obligations.

**2. COMPENSATORY LEAVE**

Employees who are considered having non-exempt status according to the guidelines contained in the Fair Labor Standards Act may be paid for compensatory leave earned (K-time). Upon termination or transfer, an employee will be paid for any time and one-half compensatory leave earned and may or may not be paid for any straight hour-for-hour compensatory leave earned. Compensation paid will be based on the employees' hourly rate of pay at termination or transfer. The liability for accrued payable compensatory leave at June 30, 2012 computed in accordance with the Codification of Governmental Accounting and Financial Reporting Standards, Section C60.105 is estimated to be zero. The leave payable is recorded in the accompanying financial statements.

**H. RETIREMENT SYSTEM**

Substantially all of the employees of the Board are members of the Louisiana State Employees Retirement System (LASERS), a single employer defined benefit pension plan. The System is a statewide public employee retirement system (PERS) for the benefit of state employees, which is administered and controlled by a separate board of trustees. (Note: If LASERS is not your entity's

**STATE OF LOUISIANA**  
**LOUISIANA BOARD OF PHARMACY**  
**Notes to the Financial Statement**  
**As of and for the year ended June 30, 2012**

retirement system, indicate the retirement system that is and replace any wording in this note that doesn't apply to your retirement system with the applicable wording.)

All full-time Louisiana Board of Pharmacy employees are eligible to participate in the System unless they elect to continue as a contributing member in any other retirement system for which they remain eligible for membership. Certain elected officials and officials appointed by the governor may, at their option, become members of LASERS. Normal benefits vest with 10 years of service. Generally, retirement age employees are entitled to annual benefits equal to \$300 plus 2.5% of their highest consecutive 36 months' average salary multiplied by their years of credited service except for members eligible to begin participation in the Defined Benefit Plan (DBP) on or after July 1, 2006.

Act 75 of the 2005 Regular Session changes retirement eligibility and final average compensation for members who are eligible to begin participation in the DBP beginning July 1, 2006. Retirement eligibility for these members is limited to age 60, or thereafter, upon attainment of ten years of creditable service. Final average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment.

Vested employees eligible to begin participation in the DBP before July 1, 2006, are entitled to a retirement benefit, payable monthly for life at (a) any age with 30 years of service, (b) age 55 with 25 years of service, or (c) age 60 with 10 years of service. In addition, these vested employees have the option of reduced benefits at any age with 20 years of service. Those hired on or after July 1, 2006 have only a single age option. They cannot retire until age 60 with a minimum of 10 years of service. The System also provides death and disability benefits and deferred benefit options, with qualifications and amounts defined by statute. Benefits are established or amended by state statute. The System issues a publicly available annual financial report that includes financial statements and required supplementary information for the System. For a full description of the LASERS defined benefit plan, please refer to the LASERS 2011 Financial Statements, specifically, footnotes A – Plan Description and C – Contributions. A copy of the report may be obtained by writing to the Louisiana State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0600 or (800) 256-3000. The footnotes to the Financial Statements contain additional details and are also available on-line at:

[http://www.lasersonline.org/uploads/2011\\_CAFR\\_web\\_version.pdf](http://www.lasersonline.org/uploads/2011_CAFR_web_version.pdf)

All members are required by state statute to contribute with the vast majority of employees of the state who became members before July 1, 2006 contributing 7.5% of gross salary. Act 75 of the 2005 Regular Session increases the member contribution rate from 7.5% to 8% for new members hired after June 30, 2006. The Board is required to contribute at an actuarially determined rate as required by R.S. 11:102. The contribution rate for the fiscal year ended June 30, 2012, increased to 25.6% of annual covered payroll from the 22.0% and 18.6% required in fiscal years ended June 30, 2011 and 2010 respectively. The Board contributions to the System for the years ending June 30, 2012, 2011, and 2010, were \$249,094, \$228,038, and \$198,504, respectively, equal to the required contributions for each year.

**STATE OF LOUISIANA  
LOUISIANA BOARD OF PHARMACY  
Notes to the Financial Statement  
As of and for the year ended June 30, 2012**

**I. OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* addresses accounting and financial reporting for OPEB trust and agency funds of the employer. GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions* establishes standards of accounting and financial reporting for OPEB expense/expenditures and related OPEB liabilities or OPEB assets, note disclosures, and required supplementary information (RSI) in the financial reports of governmental employers. See the GASB Statement No. 45 note disclosures requirements in section 2 of this note.

1. Calculation of Net OPEB Obligation

The other postemployment benefits (OPEB) calculation for the year ended June 30, 2012 is as follows:

Fiscal year ending	Annual OPEB expense and net OPEB Obligation	6/30/2012
1. * ARC		<u>\$143,500</u>
2. * Interest on NOO		<u>\$29,800</u>
3. * ARC adjustment		<u>(\$28,400)</u>
4. * Annual OPEB Expense (1. + 2. - 3.)		<u>\$144,900</u>
5. Contributions (employer pmts. to OGB for retirees' cost of 2012 insurance premiums)		<u>(\$44,146)</u>
6. Increase in Net OPEB Obligation (4. - 5.)		<u>\$100,754</u>
7. *NOO, beginning of year		<u>\$744,148</u>
8. **NOO, end of year (6. + 7.)		<u><u>\$844,902</u></u>

**J. LEASES**

1. OPERATING LEASES

The total payments for operating leases during fiscal year June 30, 2012 amounted to \$11,713. A schedule of payments for operating leases follows:

Nature of lease	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018-2022	FY 2023-2027
Office Space	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Equipment	3,612	_____	_____	_____	_____	_____	_____
Land	_____	_____	_____	_____	_____	_____	_____
Other	16,788	4,468	1,608	1,310	_____	_____	_____
Total	<u>\$ 20,400</u>	<u>\$ 4,468</u>	<u>\$ 1,608</u>	<u>\$ 1,310</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**STATE OF LOUISIANA  
 LOUISIANA BOARD OF PHARMACY  
 Notes to the Financial Statement  
 As of and for the year ended June 30, 2012**

- 2. CAPITAL LEASES – NOT APPLICABLE
- 3. LESSOR DIRECT FINANCING LEASES – NOT APPLICABLE
- 4. LESSOR – OPERATING LEASE – NOT APPLICABLE

**K. LONG-TERM LIABILITIES**

The following is a summary of long-term debt transactions of the entity for the year ended June 30, 2012:

	Year ended June 30, 2012				
	Balance June 30, 2011	Additions	Reductions	Balance June 30, 2012	Amounts due within one year
<b>Notes and bonds payable:</b>					
Notes payable	\$ 1,278,024	\$ -	\$ 55,134	\$ 1,222,890	\$ 58,487
Bonds payable		-	-	-	-
Total notes and bonds	<u>1,278,024</u>	<u>-</u>	<u>55,134</u>	<u>1,222,890</u>	<u>58,487</u>
<b>Other liabilities:</b>					
Compensated absences payable	137,169	-	13,100	124,069	47,547
Capital lease obligations				-	
OPEB payable	744,148	100,754	-	844,902	-
Other long-term liabilities				-	
Total other liabilities	<u>881,317</u>	<u>100,754</u>	<u>13,100</u>	<u>968,971</u>	<u>47,547</u>
Total long-term liabilities	\$ <u>2,159,341</u>	\$ <u>100,754</u>	\$ <u>68,234</u>	\$ <u>2,191,861</u>	\$ <u>106,034</u>

- L. CONTINGENT LIABILITIES – NOT APPLICABLE
- M. RELATED PARTY TRANSACTIONS – NOT APPLICABLE
- N. ACCOUNTING CHANGES – NOT APPLICABLE
- O. IN-KIND CONTRIBUTIONS – NOT APPLICABLE
- P. DEFEASED ISSUES – NOT APPLICABLE
- Q. REVENUES – PLEDGED OR SOLD (GASB 48) – NOT APPLICABLE

**STATE OF LOUISIANA**  
**LOUISIANA BOARD OF PHARMACY**  
**Notes to the Financial Statement**  
**As of and for the year ended June 30, 2012**

**R. GOVERNMENT-MANDATED NONEXCHANGE TRANSACTIONS (GRANTS) – NOT APPLICABLE**

**S. VIOLATIONS OF FINANCE-RELATED LEGAL OR CONTRACTUAL PROVISIONS - NOT APPLICABLE**

**T. SHORT-TERM DEBT - NOT APPLICABLE**

**U. DISAGGREGATION OF RECEIVABLE BALANCES**

Receivables at June 30, 2012, were as follows:

Fund (gen. fund, gas tax fund, etc.)	Customer Receivables	Taxes	Receivables from other Governments	Other Receivables	Total Receivables
Enterprise Fund	\$	\$	\$	\$ 15,879	\$ 15,879
Gross receivables	\$ -	\$ -	\$ -	\$ 15,879	\$ 15,879
Less allowance for uncollectible accounts					
Receivables, net	\$ -	\$ -	\$ -	\$ 15,879	\$ 15,879
Amounts not scheduled for collection during the subsequent year	\$	\$	\$	\$	\$ -

**V. DISAGGREGATION OF PAYABLE BALANCES**

Payables at June 30, 2012, were as follows:

Fund	Vendors	Salaries and Benefits	Accrued Interest	Other Payables	Total Payables
Enterprise Fund	\$ 8,690	\$ 58,531	\$	\$	\$ 67,221
Total payables	\$ 8,690	\$ 58,531	\$ -	\$ -	\$ 67,221

**W. SUBSEQUENT EVENTS**

These financial statements considered subsequent events through August 15, 2012, the date the financial statements were available to be issued.

**STATE OF LOUISIANA  
LOUISIANA BOARD OF PHARMACY  
Notes to the Financial Statement  
As of and for the year ended June 30, 2012**

- X. SEGMENT INFORMATION - NOT APPLICABLE**
- Y. DUE TO/DUE FROM AND TRANSFERS - NOT APPLICABLE**
- Z. LIABILITIES PAYABLE FROM RESTRICTED ASSETS - NOT APPLICABLE**
- AA. PRIOR-YEAR RESTATEMENT OF NET ASSETS - NOT APPLICABLE**
- BB. NET ASSETS RESTRICTED BY ENABLING LEGISLATION (GASB 46) – NOT APPLICABLE**
- CC. IMPAIRMENT OF CAPITAL ASSETS & INSURANCE RECOVERIES – NOT APPLICABLE**
- DD. EMPLOYEE TERMINATION BENEFITS – NOT APPLICABLE**
- EE. POLLUTION REMEDIATION OBLIGATIONS - NOT APPLICABLE**
- FF. AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) – NOT APPLICABLE**
- GG. RESTRICTED NET ASSETS – OTHER SPECIFIC PURPOSES - NOT APPLICABLE**

**STATE OF LOUISIANA  
LOUISIANA BOARD OF PHARMACY  
SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS  
JUNE 30, 2012**

Name	Amount
<u>Carl Aron</u>	\$ <u>3,750</u>
<u>Jacqueline Hall</u>	<u>1,200</u>
<u>Marty McKay</u>	<u>1,875</u>
<u>Blake Pitre</u>	<u>1,950</u>
<u>Brian Bond</u>	<u>2,550</u>
<u>Chris Melancon</u>	<u>1,425</u>
<u>Lois Anderson</u>	<u>-</u>
<u>Richard Soileau</u>	<u>1,950</u>
<u>Ronald Moore</u>	<u>975</u>
<u>T. Morris Rabb</u>	<u>2,400</u>
<u>Joseph Adams</u>	<u>2,025</u>
<u>Clovis Burch</u>	<u>2,325</u>
<u>Pamela Reed</u>	<u>1,875</u>
<u>Richard Indovina</u>	<u>1,425</u>
<u>Ryan Dartez</u>	<u>750</u>
<u>Deborah Simonson</u>	<u>900</u>
<u>Don Resweber</u>	<u>825</u>
Total	\$ <u><u>28,200</u></u>

Note: The per diem payments are authorized by Louisiana Revised Statute, and are presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Legislature.



**STATE OF LOUISIANA  
 LOUISIANA BOARD OF PHARMACY  
 SCHEDULE OF BONDS PAYABLE  
 JUNE 30, 2012 –  
 NOT APPLICABLE**

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/PY	Redeemed (Issued)	Principal Outstanding 6/30/CY	Interest Rates	Interest Outstanding 6/30/CY
<b>Series:</b>							
_____	_____	\$ _____	\$ _____	\$ _____	\$ _____	_____	\$ _____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
<b>Unamortized Discounts and Premiums Series:</b>							
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
<b>Total</b>		<b>\$ _____</b>	<b>\$ _____</b>	<b>\$ _____</b>	<b>\$ _____</b>		<b>\$ _____</b>

**\*Note: Principal outstanding (bond series minus unamortized costs) at 6/30/12 should agree to bonds payable on the Statement of Net Assets.**

**Send copies of new amortization schedules for bonds and unamortized costs.**

**STATE OF LOUISIANA  
 LOUISIANA BOARD OF PHARMACY  
 SCHEDULE OF CAPITAL LEASE AMORTIZATION  
 For The Year Ended June 30, 2012 –  
 NOT APPLICABLE**

Fiscal Year Ending:	Payment	Interest	Principal	Balance
2013	\$ _____	\$ _____	\$ _____	\$ --
2014	_____	_____	_____	--
2015	_____	_____	_____	--
2016	_____	_____	_____	--
2017	_____	_____	_____	--
2018-2022	_____	_____	_____	--
2023-2027	_____	_____	_____	--
2028-2032	_____	_____	_____	--
2033-2037	_____	_____	_____	--
 Total	 \$ <u>    -    </u>	 \$ <u>    -    </u>	 \$ <u>    --    </u>	 \$ <u>    --    </u>

**STATE OF LOUISIANA  
LOUISIANA BOARD OF PHARMACY  
SCHEDULE OF NOTES PAYABLE AMORTIZATION  
For the Year Ended June 30, 2012**

Fiscal Year Ending:	Principal	Interest
2013	\$ <u>58,708</u>	\$ <u>75,813</u>
2014	<u>62,538</u>	<u>71,983</u>
2015	<u>66,618</u>	<u>67,903</u>
2016	<u>1,035,026</u>	<u>37,810</u>
2017	<u>                    </u>	<u>                    </u>
2018-2022	<u>                    </u>	<u>                    </u>
2023-2027	<u>                    </u>	<u>                    </u>
2028-2032	<u>                    </u>	<u>                    </u>
2033-2037	<u>                    </u>	<u>                    </u>
 Total	 \$ <u><u>1,222,890</u></u>	 \$ <u><u>253,509</u></u>

**STATE OF LOUISIANA  
 LOUISIANA BOARD OF PHARMACY  
 SCHEDULE OF BONDS PAYABLE AMORTIZATION  
 For The Year Ended June 30, 2012 –  
 NOT APPLICABLE**

Fiscal Year Ending:	<u>Principal</u>	<u>Interest</u>
2013	\$ _____	\$ _____
2014	_____	_____
2015	_____	_____
2016	_____	_____
2017	_____	_____
2018	_____	_____
2019	_____	_____
2020	_____	_____
2021	_____	_____
2022	_____	_____
2023	_____	_____
2024	_____	_____
2025	_____	_____
2026	_____	_____
2027	_____	_____
2028	_____	_____
2029	_____	_____
2030	_____	_____
2031	_____	_____
2032	_____	_____
2033	_____	_____
2034	_____	_____
2035	_____	_____
2036	_____	_____
2037	_____	_____
Subtotal	--	--
Unamortized Discounts/Premiums	_____	_____
Total	\$ _____	\$ _____

**STATE OF LOUISIANA**  
**LOUISIANA BOARD OF PHARMACY**  
**COMPARISON FIGURES**

To assist OSRAP in determining the reason for the change in financial position for the State, please complete the schedule below. If the change is greater than **\$3 million**, explain the reason for the change.

	<u>2012</u>	<u>2011</u>	<u>Difference</u>	<u>Percentage Change</u>
1) Revenues	\$ 2,802,572	\$ 2,808,473	\$ (5,901)	\$ (.21%)
Expenses	2,783,636	2,713,194	70,442	2.60%
2) Capital assets	2,305,069	2,282,603	22,466	.98%
Long-term debt	2,085,827	2,064,392	21,435	1.04%
Net Assets	2,936,873	2,810,464	126,409	4.50%

Explanation for  
change:

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